



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5598 (Substitute S-1 as reported)
Sponsor: Representative John Gernaat
House Committee: Transportation
Senate Committee: Agriculture and Forestry

CONTENT

The bill would amend the State Transportation Preservation Act to require the Department of Transportation, within 90 days after the bill's effective date, to offer by exclusive 25-year lease to each contract operator that currently has less than a five-year lease with the Department, that segment of State-owned rail property operated by that contractor.

The specific terms of the leases would be as determined by the Department including authorization for the current contract operator to offer trackage rights and enter into other agreements with other carriers to accommodate the best interests of all citizens of the State. If the current contract operator of any segment of State-owned rail property were unwilling or unable to lease that segment of rail property under the terms determined by the Department, that segment would have to be offered for lease, under the same financial terms, to the following parties in descending order: current shippers on that segment, governmental entities, and other railroad companies.

A party entering into an agreement to lease a segment of State-owned rail property would have to agree to provide to shippers service that met certain conditions as determined by the Department for a period of time designated by the Department.

MCL 474.53 & 474.60

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in an indeterminate fiscal impact. Currently, six freight railroad companies operate on 706 miles of State-owned right-of-way. Operating agreements expire in 1998 and require rail operators to perform maintenance on the State-owned rail line. The extent to which the 25-year leases under the bill differed from the current short-term lease agreements would determine the fiscal impact of the bill.

Date Completed: 12-9-96

Fiscal Analyst: B. Bowerman

floor\hb5598

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.